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The Impact of Digital Economy on Urban-rural Income Gap and its Threshold Effect

-- Empirical Analysis based on Anhui Province

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Abstract

This article is based on panel data from 16 prefecture level cities in Anhui Province from 2011 to 2020. The entropy method is used to measure the actual development level of their digital economy, and the Theil index is selected as an indicator to measure the urban-rural income gap. The fixed effects model and threshold effects model are used to study the impact of digital economy on the urban-rural income gap. The results show that the impact of the development level of digital economy in Anhui Province on the urban-rural income gap shows a U-shaped relationship of first narrowing and then expanding, and can pass the robustness test. The income gap between urban and rural areas is influenced by the level of economic development and does not exhibit a simple linear relationship with the digital economy. When the level of economic development is low, the digital economy has a significant widening effect on the urban-rural income gap. After the economic development reaches a certain level, the digital economy to some extent narrows the urban-rural income gap. Factors such as government support, population urbanization level, and transportation infrastructure are all conducive to narrowing the urban-rural income gap.

Keywords

Income Gap between Urban and Rural Areas; Digital Economy; Bidirectional Fixed Model; Threshold Effect.

1. Introduction

Over the past 40 years of reform and opening up, with the concerted efforts of the Party and the people of the whole country, China's economic development has reached a new high. In 2021, the country's GDP grew to 115 trillion yuan, a growth rate of over 300% compared to 367.9 billion yuan in 1978, making it the world's second largest economy. The per capita affordable income of residents has also increased significantly, marking the basic realization of the goal of building a moderately prosperous society in all respects and a breakthrough in absolute poverty. However, as China enters a new stage of development, the imbalance between urban and rural development and insufficient development of agriculture, rural areas, and farmers remain the two major challenges that urgently need to be solved in the current stage of high-quality economic development in China. The three major structural distortions of regional disparities, urban-rural disparities, and income disparities have become key factors constraining China's current socio-economic development. Therefore, achieving common prosperity for all people will become one of the key tasks to be tackled in China's economic and social development during the 14th Five Year Plan period, and it is also an essential requirement of socialism. However, the most arduous and arduous task still exists in the vast rural areas. At present, China is in a new stage of economic development, and narrowing the urban-rural income gap and increasing the per capita income of low-income groups are the key

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to achieving common prosperity. In order to accelerate the achievement of the goal of common prosperity and avoid a series of economic and social problems caused by the imbalance of income distribution between urban and rural areas, the urgent task is to excavate new driving forces that can promote the free flow and equal exchange of resource elements between urban and rural areas, thereby improving the prominent urban-rural dual structure and the significant income gap between urban and rural areas.

In recent years, with the rapid development of modern information technologies such as cloud computing and 5G, digital technology, as the core production factor of the digital economy, has increasingly penetrated into various fields and industries of economic and social development. The digital economy has also developed into a new economic form, gradually becoming a new engine for promoting China's economic growth. Since the 18th National Congress of the Communist Party of China, the Party Central Committee has attached increasing importance to the development of the digital economy and elevated it to a national strategic position. The report of the 19th National Congress proposed for the first time the "Building a Digital China" strategy, and the development blueprint for China's digital economy in the 14th Five Year Plan mainly revolves around three aspects: digital economy, digital society, and digital government. At the same time, with the continuous development and growth of China's digital economy, its position in the national economic and social development is becoming increasingly prominent, and its supporting role in economic growth is also becoming increasingly prominent. According to the White Paper on the Development of China's Digital Economy released in 2022, the added value of China's digital economy in 2021 was 45.5 trillion yuan, and its proportion in GDP continued to increase, reaching 39.8%. Therefore, in the context of the rapid development of China's digital economy, based on the new stage of development, it is of great practical significance to deeply explore the relationship and impact mechanism between digital economy development and urban-rural income gap, in order to solve the imbalance of urban-rural development, break the urban-rural dual structure, and achieve rural revitalization. Anhui Province, as one of the provinces with heavy poverty alleviation tasks, narrowing the urban-rural income gap is an important direction for achieving common prosperity. Exploring the relationship and impact mechanism between the development of digital economy and urban-rural income gap is of great practical significance for consolidating the achievements of poverty alleviation in Anhui Province and promoting urban-rural integration development.

2. Literature Review

The issue of income gap between urban and rural areas in China and its influencing factors has received widespread attention and in-depth research from various social classes, and its research results are quite abundant. In recent years, the income gap between Chinese residents has remained significant. Even though there is a trend of narrowing the urban-rural income gap, it is not due to the development of urban-rural integration, but rather based on the increase in rural transfer payments. Therefore, narrowing the income gap between urban and rural areas is still the main direction for China to achieve common prosperity at present. At present, there are many achievements in existing research that focus on the factors affecting the urban-rural income gap. Factors such as the degree of opening up to the outside world [2, 3], population urbanization rate [4], development status of the financial industry [5], industrial structure distribution [6], and infrastructure construction [7] have all been the focus of scholars in previous studies. Tao Yuan found through provincial panel data research that the acceleration of urbanization is conducive to alleviating the income gap between urban and rural areas. Chen Binkai's research found that the urbanization process is influenced by the priority development of capital intensive sectors, and found that the income gap between urban and rural areas in China shows a "U-shaped" development trend with economic development. Based on provincial

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panel data, Song Xiaoling found a negative correlation between the development level of digital inclusive finance and urban-rural income. Cheng Mingwang pointed out that there is an inverted U-shaped relationship between internet penetration rate and urban-rural income gap, and the internet has a greater advantage in improving the income of rural residents. Based on the perspective of labor force transfer, Liu Huan believes that the income status and job stability of agricultural migrant workers will be limited by the level of intelligent industrial development, which will widen the income gap between urban and rural areas.

However, there is a lack of research on the digital economy factors that drive the changes in the urban-rural income gap in China, and there are still differences in conclusions based on the relationship between the two. Li Yi and Ke Jiesheng believe that although the development of the digital economy is to some extent conducive to increasing farmers' income, due to the lack of information technology knowledge and application skills of rural residents and the heterogeneity of capital endowment, the development of the digital economy will actually widen the income gap between urban and rural areas. However, Zhang Xun pointed out that with the development of the digital economy, internet education, digital inclusive finance, and other fields have emerged one after another. The problem of information asymmetry has been alleviated, and the information dissemination mechanism has become more sound. At the same time, more employment and entrepreneurial opportunities have been created. Compared with urban residents, rural residents can enjoy more digital economic dividends, which helps to narrow the income gap between urban and rural residents. Based on provincial panel data, Li Xiaozhong and Li Junyu found that there is an inverted U-shaped development relationship between the level of digital economy development and the urban-rural income gap, and there is a threshold effect. That is, the higher the per capita income level and R&D intensity, the more significant the economic effect of the digital economy on narrowing the urban-rural income gap [14]. Wang Jun, Xiao Huatang, and others used provincial panel data to study and found that there is a "U-shaped" trend between the digital economy and the urban-rural income gap, and there is obvious regional heterogeneity in the eastern, central, western, and northeastern regions. It can be found that the research level of the two mentioned above is the same, but the impact trend presented by the research results is completely opposite, and the two cannot be confirmed by each other.

At present, scholars have achieved rich results in the research of rural revitalization and new urbanization, providing good reference for subsequent related research, but there is still room for expansion. On the one hand, there are mostly literature analyzing the relationship between the two from a theoretical perspective, lacking empirical analysis and exploration. On the other hand, the research scope has certain limitations, and existing research results tend to focus more on the whole country or a certain region in the central, eastern, and western regions as the research object. There are few studies on provinces based on the meso level, and research on Anhui Province is even rarer. Therefore, based on existing research and panel data from 16 prefecture level cities in Anhui Province, this article explores the impact of the digital economy on the income gap between urban and rural residents, and proposes countermeasures and suggestions to promote the development of the digital economy and urban-rural integration.

3. Data Sources, Variable Descriptions, and Model Construction

3.1. Data Sources

This article takes 2011-2020 as the research period and selects Anhui Province and its 16 prefecture level cities as the research objects. The relevant research data mainly comes from the statistical yearbooks of Anhui Province over the years, statistical yearbooks of various prefecture level cities, annual reports on government work, and the EPS global statistical

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database. Inclusive finance data comes from the "Peking University Digital Inclusive Finance Index" report compiled by Peking University.

3.2. Variable Declaration

The dependent variable: The indicator used in this article to measure the urban-rural income gap is the Theil index. Compared to the simple urban-rural income ratio and Gini coefficient, the Theil index has its own advantages. Firstly, it has formed a universally accepted unified calculation formula, which involves two important factors: population changes and the proportion of urban-rural population; Secondly, the calculation process of the Theil index also fully considers the distribution of income, rather than being limited to the income changes of the middle class. Therefore, the dependent variable in this article is represented by the Theil index, which can better reflect the actual situation of urban-rural income gap. Meanwhile, the ratio of disposable income between urban and rural residents is selected to measure the urban-rural income gap for robustness testing. The formula for calculating the Theil index is as follows:

$$theil_{i,t} = \sum_{j=1}^{2} \left(\frac{Y_{ij,t}}{Y_{i,t}} \right) \ln \left(\frac{Y_{ij,t}}{Y_{i,t}} \Big/ \frac{X_{ij,t}}{X_{i,t}} \right) \quad (1)$$

Among them, the j=1 era represents rural areas. The j=2 era represents towns, t represents the first year, and i represents the first region. Y and X represent income and population.

Table 1. Index system for the development level of digital economy

Primary indicators	Secondary indicators	Three-level indicators
Digital Economy	Digital infrastructure	Number of fixed telephone users at the end of the year
		Number of mobile phone users at the end of the year
		Number of Internet broadband access users
	Development of digital industry	Postal business volume
		Telecommunications business volume
		Software employment numbers
	Digital innovation capability	The number of students in ordinary higher education institutions
		R&D expenditure
		R&D personnel
		Number of patent authorizations
	Development of digital finance	Digital Inclusive Finance Index
		Coverage breadth
		Use depth
		Digitization level

Core explanatory variables. The level of digital economy development in various prefecture level cities. This article is based on the "Classification of Digital Economy" publicly released on the national statistical website, drawing on the research foundation and experience of previous scholars, combined with the actual development status of Anhui Province's economy, comprehensively considering the principles of data availability, scientificity, and systematicity,

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from the four dimensions of digital infrastructure, digital industry development, digital innovation capabilities, and digital finance development, Select 14 indicators to construct an evaluation index system for the development level of urban digital economy in Anhui Province, and use the entropy weight method to calculate the development level of digital economy in each prefecture level city. The specific indicators are detailed in Table 1.

Control variables. In addition to being influenced by the digital economy, the urban-rural income gap is also constrained by various other factors. Referring to existing research results, this article selects economic development level, government support, population urbanization rate, transportation infrastructure construction level, industrial structure, and human capital as control variables.

3.3. Construction of Econometric Models

Based on existing research results, in order to study the impact of digital figures in Anhui Province on the urban-rural income gap, the benchmark regression model constructed in this article is as follows:

$$theil(i,t)=\alpha 0+\alpha_1 De(i,t)+\alpha_2 De(i,t)2+\beta i\ X(i,t)+\mu_i+v_t+u_{i,t}. \quad (2)$$

Among them, i represents the city, t represents the year, Theil represents the urban-rural income gap, De is the digital economy development index of various prefecture level cities calculated in this article, De2 is the square term of the digital economy level, X represents a set of control variables, including economic development level, government support, urbanization level, transportation infrastructure construction, industrial structure, and human capital, α_0 which are constant terms, $\alpha_1\alpha_2\beta_i$coefficients, and $\boldsymbol{\mu}_i$ regional fixed effects, the fixed time effect v_t ,$u_t$is a random perturbation term.

4. Empirical Results and Analysis

4.1. Benchmark Regression and Analysis

This article uses a bidirectional fixed effects model for regression. As the digital economy indicators studied in this article are based on the urban level, urban clustering effects are also used to correct standard errors. The specific regression results are shown in Table 2. Among them, the regression result of column (1) is without adding control variables, indicating that the digital economy positively promotes the narrowing of urban-rural income gap at a significance level of 1%. Column (2) is the regression result after adding a series of control variables to column (1). It can be found that although the absolute value of the regression coefficient has slightly decreased, it is still significantly negative. From the specific effect, for every unit increase in the development level of the digital economy, the urban-rural income gap can be reduced by 0.0263 units. This may be due to the huge digital dividend provided by the digital economy to rural areas, The emergence of major rural e-commerce and internet platforms promotes the integrated development of rural industries, which is conducive to increasing the income of rural residents and further narrowing the income gap between urban and rural areas.

In order to further explore the non-linear relationship between the development level of the digital economy and the urban-rural income gap. Add the square term of the development level of the digital economy to both columns (3) and (4) for baseline regression. Among them, column (3) shows the regression results without adding control variables, indicating that the coefficient of the development level of the digital economy is significantly negative, while the coefficient of its square term is significantly positive. Column (4) is the regression result after adding a series of control variables, which indicates that at a significance level of 1%, the level of digital

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economy development is negatively correlated with the urban-rural income gap, while its square coefficient is positive. It also passes the significance level test of 10%, indicating that the impact of digital economy development on the urban-rural income gap shows a "U-shaped" trend of first narrowing and then expanding, that is, when the level of digital economy development is low, It is beneficial for alleviating the income gap between urban and rural areas, but as its level reaches a certain peak, the higher the level of digital economy development, the more the income gap between urban and rural areas will gradually widen. This result indicates that in the early stages of digital economy development, due to its inclusiveness, the benefits of the digital economy can be shared by all. On the one hand, the digital economy provides digital dividends for the development of rural industries, promotes the development of digital agriculture, improves production efficiency, and increases farmers' income; On the other hand, enterprises fully leverage the economic effects of modern information technology to empower high-quality and green development. The improvement of their production and operation efficiency will drive an increase in worker wages, thereby attracting more rural population to urban employment. When the level of digital economy development is high, the "digital divide" and digital technology barriers are exposed one after another, that is, the development of the digital economy requires higher comprehensive quality of relevant practitioners. However, rural residents are generally limited by their lower education level, and the digital economy has become a barrier to increasing income for rural residents. Therefore, governments at all levels should strive to improve the education level of rural workers, strengthen the promotion of the digital economy, carry out diversified specialized skills training, and thereby reduce the negative impact of the "digital divide" between urban and rural areas.

According to the regression results in column (4) of Table 3, it can be estimated that the development level of the digital economy at the turning point of the U-shaped curve is about 0.9001. From the development level of digital economy in various prefecture level cities in Anhui Province in 2020, except for Hefei, which is on the right side of the turning point, other prefecture level cities are still in the stage where digital economy development can narrow the urban-rural income gap. Therefore, Anhui Province should actively develop the digital economy and continue to play its role in narrowing the urban-rural income gap.

In addition to the level of digital economy development and its square term, a series of control variables in column (4) also affect the changes in urban-rural income gap to varying degrees. Among them, the coefficient of economic development level is significantly negative at the 1% level, indicating that the improvement of economic development level is conducive to alleviating the widening income gap between urban and rural areas; The coefficient of government support is negative and has passed the significance level test of 1%. At the same time, it indicates that the more construction funds the government invests, the better the urban-rural income gap can be further improved. This may be due to China's sustained poverty reduction policies and rural revitalization strategies, which have changed the previous trend of "heavy urban light rural" fiscal expenditure and increased the proportion of rural livelihood and social security expenditure. The urbanization level is significantly negative at the 1% level, indicating that the higher the population urbanization rate, the smaller the urban-rural income gap in Anhui Province. The level of transportation infrastructure is negatively correlated with the urban-rural income gap in Anhui Province after passing the significance level test of 5%. With the continuous increase of highway mileage, the transportation network is becoming increasingly dense, which not only provides convenience for the flow and transfer of factors between urban and rural areas, but also enhances the support for regional development, creates geographical advantages, and promotes the revitalization of rural industries. The regression coefficients for economic development level, industrial structure, and education level are all negative, but the impact is not significant.

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Table 2. Benchmark regression results

Variable	(1)	(2)	(3)	(4)
Development level of digital economy	-0.0335*** (0.0111)	-0.0263*** (0.0091)	-0.1819*** (0.0549)	-0.1226** (0.0525)
The square term of the development level of the digital economy			0.1069*** (0.0362)	0.0681* (0.0345)
Level of economic development		-0.0191** (0.0091)		-0.0119 (0.0091)
Government support		-0.1226*** (0.0413)		-0.1269*** (0.0419)
Urbanization level		-0.0833*** (0.0172)		-0.0908*** (0.0174)
Transportation infrastructure construction		-0.0166*** (0.0058)		-0.0151** (0.0059)
Industrial structure		-0.0108 (0.0138)		-0.0085 (0.0137)
Education level		-0.0299 (0.0284)		-0.0278 (0.0284)
Constant term	0.1000*** (0.0057)	0.9316*** (0.1360)	0.1376*** (0.0146)	0.8815*** (0.1369)
Individual fixed effects	control	control	control	control
Time fixed effect	control	control	control	control
Sample size	160	160	160	160
R^2	0.8865	0.9333	0.8895	0.9341

4.2. Robust Test

This article replaces the Theil index with the ratio of disposable income between urban and rural residents for robustness testing, and also uses a two-way fixed effects model for benchmark regression. The regression results, as shown in Table 3, show that the positive, negative, and significant coefficients of the regression coefficients are basically consistent with the main benchmark regression results, and there is still a significant U-shaped relationship between the two variables, which verifies the robustness of the conclusions in this paper.

Table 3. Variable descriptive statistics

Variable	Ratio of disposable income between urban and rural areas
Development level of digital economy	-2.7604*** (0.8375)
The square term of the development level of the digital economy	1.5852*** (0.5531)
control variable	control
Constant term	12.1883*** (2.4742)
Individual fixed effects	control
Time fixed effect	control
Sample size	160
R^2	0.8765

4.3. Establishment and Analysis of Threshold Panel Model

4.3.1. Threshold Effect Testing and Estimation

The previous empirical results have confirmed the non-linear relationship between the digital economy and the urban-rural income gap in Anhui Province, and there is a significant gap in

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the economic development level of various cities in Anhui Province. Therefore, to accurately test the boundary point of the impact of the development level of the digital economy on the urban-rural income gap in Anhui Province, This article uses a threshold model to further explore whether there are significant differences in the impact of the digital economy on the urban-rural income gap under different levels of economic development. Select the level of economic development (per capita GDP) as the threshold variable and set a single panel threshold model:

$$Theil_{it} = \alpha_0 + \alpha_1 De_{it}(lnPGDP \leq \mu) + \alpha_2 De_{it}(lnPGDP > \mu) + \beta_i X_{it} + u_{it} \quad (3)$$

Among them, μ Is the threshold value. The threshold regression model needs to test whether the threshold variable has passed the significance test. If there is a single threshold in the test, it is necessary to determine whether there is a double threshold model. If there is a double threshold, it is necessary to determine whether there are more thresholds, and so on.

Set a dual panel threshold model:

$$Theil_{it} = \alpha_0 + \alpha_1 De_{it}(lnPGDP \leq \mu_1) + \alpha_2 De_{it}(lnPGDP \leq \mu_2) + \alpha_3 De_{it}(lnPGDP > \mu_3) + \beta_i X_{it} + u_{it} \quad (4)$$

Firstly, determine whether the model has a threshold effect, and conduct a threshold quantity test based on this. The test results are shown in Table 5. It is known that the model has a single threshold, and the threshold variable has passed the significance test, with a single threshold value of 9.5916.

4.3.2. Analysis of Threshold Model Regression Results

The economic development level (per capita GDP) of 16 prefecture level cities in Anhui Province has shown a trend of increasing year by year from 2011 to 2020. And in 2013, all prefecture level cities crossed the threshold. Further threshold model regression results can be seen from Table 6. In simple linear regression, the regression coefficient of digital economy development is significantly negative, indicating that it is beneficial for narrowing the urban-rural income gap. In the threshold model, the impact of the digital economy on the urban-rural income gap is divided into two intervals by the threshold variable of economic development level, and the regression coefficients vary in different intervals, indicating that there is not a simple linear relationship between the two. Specifically, when lnPGDP is less than or equal to 9.5916, the development of the digital economy will widen the urban-rural income gap; When lnPGD is greater than 9.5916, the development level of the digital economy is negatively correlated with the urban-rural income gap at a significance level of 10%, and the coefficient of effect is -0 0307. It can be seen that the level of economic development will affect the effect of digital economy development on the urban-rural income gap. When the per capita GDP is below 14641.3 yuan, the development of digital economy will widen the urban-rural income gap; When the per capita GDP exceeds 14641.3 yuan, the higher the level of development of the digital economy, the smaller the income of urban and rural residents. It can be seen that the more superior the level of economic development, the more significant the role of digital economy development in improving the urban-rural income gap.

Table 4. Threshold effect test

Threshold variable	Model	F value	P value	10% critical value	5% critical value	1% critical value
lnPGDP	Single threshold	22.33	0.0367	14.9054	20.8246	30.7235
	Double threshold	6.16	0.4900	14.4667	30.9132	68.7015

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Table 5. Threshold Results

Threshold variable	Threshold	Estimated value	Lower bound of 95% confidence interval	95% confidence interval upper bound
lnPGDP	Single threshold	9.5916	9.5352	9.6131

Table 6. Threshold regression results

Variable	Ordinary OLS regression model	Threshold regression model
Digital Economy(lnPGDP≤9.5916)		0.3515*** (0.0824)
Digital Economy(lnPGDP≤9.5916)		-0.0307* (0.0159)
Level of economic development	-0.0317*** (0.0049)	
Government support	-0.1386*** (0.0304)	-0.0194** (0.0091)
Urbanization level	-0.0639*** (0.0132)	-0.0992*** (0.0159)
Transportation infrastructure construction	-0.0058*** (0.0022)	-0.0179*** (0.0032)
Industrial structure	-0.0229*** (0.0072)	-0.0204 (0.0229)
Education level	-0.0127 0.0292)	-0.1235*** (0.0299)
Constant term	0.8679*** (0.0451)	0.9838*** (0.08889)

5. Conclusion and Policy Recommendations

5.1. Conclusion

Exploring the relationship between the development level of the digital economy and the income gap between urban and rural residents has important theoretical and practical significance. This article is based on panel data from 16 prefecture level cities in Anhui Province from 2011 to 2020 for empirical analysis. The two-way fixed effects model and panel threshold model are used to test the impact of the digital economy on the urban-rural income gap. The following conclusions are drawn: the development level of the digital economy in Anhui Province shows a "U-shaped" relationship of first narrowing and then expanding on the urban-rural income gap, and the development level of the digital economy at the turning point is about 0.9001. Government support, population urbanization rate, and transportation infrastructure level can all narrow the urban-rural income gap, and the impact of government support is the greatest. Under the influence of economic development level (per capita GDP), its size will lead to a single threshold effect on the impact of digital economy development level on urban-rural income gap. When the per capita GDP is less than 14641.3 yuan, digital economy development will make the urban-rural income gap even more significant; When the per capita GDP exceeds 14641.3 yuan, the development of the digital economy is conducive to improving the urban-rural income gap.

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5.2. Countermeasures and Suggestions

Based on the analysis of the relationship and threshold effect between the development level of digital economy in Anhui Province and the income gap between urban and rural residents, in order to further promote the integrated development of urban and rural areas in Anhui Province and gradually reduce the magnitude of the income gap between urban and rural areas in Anhui Province, the following policy recommendations are proposed:

Firstly, we need to strengthen digital infrastructure, with particular emphasis on the widespread application of new generation information technology, and maximize the dividend advantages of modern information technology in alleviating the imbalance between urban and rural development. Employment is the foundation of people's livelihoods, and a higher employment rate is also a solid foundation and important guarantee for achieving common prosperity at this stage. On the one hand, governments at all levels should leverage their geographical advantages, actively explore new agricultural development models, create advantageous pillar industries, cleverly combine regional resource endowments with information technology, promote scientific production, intelligent management, and high-quality services, and promote the construction of "digital countryside". On the other hand, achieving high-quality employment for migrant workers. Rural residents fully utilize platforms such as the internet to continuously enrich their knowledge and skills, enhance their professional literacy and comprehensive abilities, and keep up with the times. On the basis of continuous accumulation of human capital, fully leverage the economic effects of information technology and the inclusive effects of digital technology release.

Secondly, each region should adapt to local conditions, continuously optimize and improve its industrial structure, enhance the level of regional economic development, and strive to narrow the urban-rural integration development gap between regions. Specifically, the central Anhui region, with Hefei as the capital city, should continuously improve its industrial system dominated by technology intensive industries; The northern Anhui region can rely on the demographic dividend to vigorously develop labor-intensive industries, such as the clothing and textile industry, deep processing industry, and other pillar industries; The southern Anhui region, relying on its geographical and resource advantages, actively promotes the development of leading industries such as ecotourism, leisure agriculture, and cultural industries. Promoting agriculture through industry, accelerating the transfer of surplus rural labor, comprehensively improving the quality of new urbanization and the level of rural industrial development in Anhui Province, thereby promoting the improvement of the dual economic structure.

Thirdly, reasonably plan the spatial layout of railway and highway networks, and coordinate the development of urban and rural transportation. Give full play to the government's functional role, focus on solving the problem of rural transportation shortcomings, increase funding and policy support for public services such as rural passenger transportation, agricultural product circulation system, and urban-rural public transportation, promote the improvement of their service quality and capacity, and further integrate resources to promote the integrated development of urban-rural transportation industry and rural characteristic industries. At the same time, we will strengthen the construction of rural basic road networks, focus on improving the internal and external connectivity of urban and rural transportation arteries, and achieve effective connection between urban roads, trunk roads, and rural roads.

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